

Addendum No. 3
STATE FACILITY SOLAR POWER PURCHASE PROGRAM
REQUEST FOR PROPOSALS

RFP Released April 22, 2004

Date of this Addendum: July 1, 2004

Questions and Answers:

Q1) I wanted to ask why there is a one year skip in the consumption data posted for the Chuckwalla and Ironwood facilities from Sept. 19, 2003 to Sept. 26, 2002. Both sets of data have the exact same skip and have identical numbers in the Excel spreadsheet. Is one or both of these sets of data in error?"

A1) Please see the CA Power Authority's Website http://www.capowerauthority.ca.gov/2004-1-SolarRFP_AdditionalDocs.htm for an updated excel file with the corrected dates.

Q2) What are the dates for follow-up site visits?

A2) The followings sites have been identified for a second round of site visits:

<u>Site</u>	<u>Date</u>	<u>Time</u>
UC Santa Cruz	July 8	1:00
Caltrans Stockton	July 8	1:00
CSU Cal Poly	July 9	1:00
Chuckawalla Valley/Ironwood Star Prison, Blythe	July 9	1:00

Q3) We are a new company that does not have 3 years financial data. Are we prohibited from bidding as the Lead bidder or can we submit the financial of our partners. Also, who needs to carry the insurance?

A3) The lead bidder should provide the financial information it can. If it only has 1 year of such information, please provide that. We will need evidence supporting the lead bidder's ability to satisfy its contractual obligations. This should include financial information on its partners, especially its capital funding source. Liability insurance needs to be provided by the party signing the agreements, which should be the lead bidder, as well as the installation contractor. See Q8 below for a related response.

Q4) We have contacted several DVBE firms but none has responded to us. What documentation do we need to confirm our efforts? Do we need a letter from them stating they are not interested? Do we need to get at least one positive response?

A4) Please document your efforts as indicated in the DVBE requirements found in the DVBE Resource Packet at <http://www.documents.dgs.ca.gov/pd/smallbus/resource.pdf>. You do not need a

letter from a DVBE firm stating they are not interested. You do not need to get at least one positive response. For additional assistance "Pointers for a Good Faith Effort" has been posted at: http://www.capowerauthority.ca.gov/2004-1-SolarRFP_AdditionalDocs.htm or contact the Office of Small Business and DVBE Outreach at (800) 559-5529.

Q5) The DVBE Resource Packet states that the first step in good faith effort is to contact the awarding department to identify DVBEs. Do we have to contact CPA or individual departments for doing this. We have already contacted DGS, state/federal and local authorities to identify DVBEs.

A5) DGS and the CPA recommend utilizing the DGS Certified DVBE listing located on the internet at <http://www.pd.dgs.ca.gov/smbus> to satisfy the first step in the good faith effort. CPA and DGS have no other list of DVBEs than those shown on the directory. We also suggest contacting the Small Business/DVBE advocate listed for potential solar sites you are considering submitting a bid on (i.e. CSU Long Beach, Department of Corrections - Ironwood, etc.). The "Small Business/DVBE Advocates Directory" is also available at the web address noted above under "Contacts/Directories."

Q6) Since we are taking all the financial risk in this structure, can you reconsider providing more of the potential value of the renewable energy credit (REC) to the bidder?

A6) Yes, the Executive Agencies (Department of Corrections, Department of General Services, Caltrans and Department of Mental Health for the State hospitals) have agreed to allow the bidder to retain 100% of any future potential value of the RECs for this round of bidding. This could change if there are successor bid opportunities. However, as indicated in the RFP, UC and CSU require that they retain 100% of any future value of the REC.

Q7) Does the performance bond need to be maintained through the life of the project or only during construction?

A7) The performance bond only needs to be in place during the construction phase of the project.

Q8) We are a young company and are concerned about our company's ability to meet the qualifications requirements. Can previous experience by our personnel count toward our requirements?

A8) In the case of a new company, experience can be demonstrated by either past experience at that company, or by past experience of key individuals now involved with that company, as long as those key personnel are committed to this contract.

Q9) What if I need to change suppliers after I submit my bid?

A9) The State will allow a change in equipment supplier prior to installation, given shortages in PV modules and ongoing improvements in product. We will accept this as long as the output offered does decrease and the equipment to be installed still meets all other specifications and warranties originally requested. Please ensure that all final design and installation documents conform to the actual equipment installed.

Q10) Since I am not a "Bidder" as you have recently clarified the definition in the RFP, I do not know if I qualify to receive Q & A and Bid Addenda directly.

A10) If you register, even if you don't intend to bid, you will receive all future notices.

Q11) In the Questions and Clarifications you issued on June 22 you indicated UC and CSU may be open to non-conforming price structures. Will the other agencies also consider such bids?

A11) No. the Executive Agencies will only consider bids that include the requirement that the rate charged must always be no greater than the otherwise applicable tariff. If you wish, a separate letter may be provided that outlines the pricing terms that would result in a feasible project. This may provide useful information in designing future solar PV solicitations.

Q12) Is there anyway to get information on the individual sites that have already had the site visits? Also if a site is designated a "roof installation" does that mean that the no other options would be considered?

A12) Please see the site visit summaries issued on June 22. Some sites have multiple project types (e.g., roof-mount, solar car port). Please see the site visit summaries for detail on the potential project types at each facility.

Q13) Our pricing structures allows the state to purchase the equipment for \$0 at the end of the term. Thus our structure should be a better value to the state than a structure that requires a fair market value (FMV) purchase option at the end of the term. Please consider including an estimate of the purchase price at the end of the contract term to incorporate this into your price evaluation methodology.

A13) We appreciate your comments, but as the FMV cannot be determined in advance, and may in fact be close to \$0 at the end of the term, we will not include the potential FMV purchase price, or lack thereof, in the bid price evaluation. Also, please be aware that the State will not enter into any agreement that may be deemed a lease. The Solar Power Purchase and Site License Agreement documents included in the RFP are the only agreements we will execute.

Q14) We need to know what size (KW) the listed projects are each, and the approximate time when projects will start.

A14) Please see the RFP and the Site Visit Summaries for the approximate size (kW) of the PV systems. As described in the RFP, the indicated size is only an estimate and it is the bidder's responsibility to define the optimal size for the given site.

Exhibit G to the Solar License Agreement in the RFP describes the typical review and approval process for a solar project. Although each project will have its own unique circumstances, we estimate the time from contract award to the start of project installation is approximately 6 months.

Q15) Do we have to pay State tax for the State of California projects? Is there an official process for getting it waived?

A15) The State is only paying for the output of the project, not for the project itself. We are not aware of a method to waive your requirement to pay State sales tax on your purchases. Please consult tax counsel for any additional information.

Q16) Do we have to guarantee power to the State of California? The manufacturer's guarantee is important, but there should be no "remedy" to the government other than nonpayment for kWhs not received? Getting a performance bond for system performance over time will be impossible.

A16) You do not need to provide a performance bond for system performance over the life of the agreement. Your "guarantee" is defined in Attachment 4, Proposal Form 2A, as amended in Addendum 2. If output falls below 90% of the expected performance, a payment is due equal to the value of the expected savings lost below the 90% level.

Q17) As I understand the RFP, the bidders assume all price risk related to electricity rate forecasts over the life of the project(s). To what extent is the State willing to assume some of this risk, and is the State open to risk mitigation terms as proposed by bidders?

A17) The State requires a pricing mechanism that will never result in it paying more than the otherwise applicable IOU tariff. We are open to any approach that achieves this goal, within the terms defined in the RFP.

Q18) The State should not have the right to terminate the contract except for material breach of contract. Can the State eliminate its right to terminate for convenience?

A18) The State must retain its right to terminate the agreements for a variety of unforeseen reasons. The most obvious example is if the State decides to move out of a site on which a project is installed. We have included various remedies in the agreements with the intent to be as commercially reasonable as possible, including paying for certain early termination costs as explained in Addendum #2.

Q19) Does the solar Power Purchase Agreement have a cure period prior to a breach of the agreement triggering an Event of Default?

A19) Yes, please see Section 13 of the solar Power Purchase Agreement. It allows for a 60 day notice prior to a breach becoming an Event of Default.

Addendum Issues:

1.8.3 Transaction Cost Payments, Table 4 - Project Transaction Costs to be Reimbursed (page 14) and SOLAR LICENSE AGREEMENT EXHIBIT J, Table J1 - Project Transaction Costs to be Reimbursed (page 104)

On page 14 and 104, change third column heading:

From: 250 kW Roof Top Horizontal Self-Ballasted

To: 250 kW Roof Top Self-Ballasted

Section 3.4 Table 3-1 Technical & Qualifications Proposal Review Criteria (page 23)

Q20) Page 23 of RFP refers to sections 5-2F, 5-2c, 5-3, 5-2,5-4,5-5,5-6. I am not sure where these references point to within RFP.

A20) The second column, RFP Section Reference, has been revised to the following:

Table 3-1 Technical & Qualifications Proposal Review Criteria

Qualifications & Capabilities Considered	RFP Section Reference	Minimum Requirements To Pass
I. Technology Proposed & Performance		
<ul style="list-style-type: none"> Performance <u>ratings</u> of technology – panels, inverters, mounting systems, meters 	Attachment 2 & Proposal Form 1	<ul style="list-style-type: none"> Must meet minimum specifications of Attachment 2, as demonstrated in Proposal Form 1 (Attachment 4)
<ul style="list-style-type: none"> <u>Field data performance</u> of systems previously installed, including performance over time 	Section 2.4 and Proposal Form 1	<ul style="list-style-type: none"> Demonstrate that previous installations perform at or above the output level quoted in this proposal
II. Team Qualifications & Experience		
<i>A. System design & integration</i>		
<ul style="list-style-type: none"> Specific design proposed for each site (materials, size, configuration, system efficiency) 	Proposal Form 1	<ul style="list-style-type: none"> Proposal Form 1 is complete
<ul style="list-style-type: none"> Total capacity of solar systems designed and completed, with emphasis on those technologies and mounting system(s) proposed here 	Section 5.3.6	<ul style="list-style-type: none"> Design/integration team proposed for this site previously has designed & completed <u>a cumulative 150 kW of solar electric systems in sizes where each eligible system has a minimum size of 30 kW</u>
<ul style="list-style-type: none"> Experience with California's Rule 21 electrical interconnection 	Section 5.3.3	<ul style="list-style-type: none"> Demonstrated experience with successfully obtaining Rule 21 interconnection in California
<i>B. Installation Qualifications/Experience</i>		

Qualifications & Capabilities Considered	RFP Section Reference	Minimum Requirements To Pass
<ul style="list-style-type: none"> Numbers of projects and total capacity of solar PV installed by installer team, including familiarity with proposed panels, inverters, and mounting systems 	Sections 5.3.3, 5.3.6, and 5.4 Attach. 2; Proposal Form 3	<ul style="list-style-type: none"> Proposed installer team for this site has installed <u>a cumulative 150 kW of solar electric systems in sizes where each eligible system has a minimum size of 30 kW</u> Proposed installer team has necessary contractor's license(s)
<ul style="list-style-type: none"> Ability to install in one year the number of sites bid 	Sections 5.3, 5.4 and 5.5	<ul style="list-style-type: none"> Demonstrated installer team size & availability for the number of sites bid Demonstrated implementation plan and schedule for the number of sites bid
C. Overall Project Management, Implementation & Delivery Capacity & Experience		
<ul style="list-style-type: none"> Project management and delivery capacity and capability 	Sections 5.3 and 5.5	<ul style="list-style-type: none"> References for successful projects where bidder demonstrated sufficient resources & experience to design and complete projects of similar size to that/those bid
<ul style="list-style-type: none"> Project schedule showing steps for all installations bid 	Section 5.5	<ul style="list-style-type: none"> Reasonable
D. Solar Output Monitoring & Billing		
<ul style="list-style-type: none"> Plan for monitoring,, diagnosing & tracking system performance and energy output 	Section 5.6	<ul style="list-style-type: none"> Responsive plan submitted
<ul style="list-style-type: none"> System for tracking output and billing host site, consistent with price form bid 	Sections 5.6 and 5.7	<ul style="list-style-type: none"> Identification of responsive system and method for tracking system output and billing host site Sample bill format consistent with form of price bid
E. Capital Financing Experience (Debt & Equity) for Projects of Magnitude & Type Proposed		
<ul style="list-style-type: none"> Experience in arranging size and types of debt required in this bid (these bids) for solar systems or other 3rd party-owned capital equipment 	Sections 5.3 and 5.8	Provide example(s) of at least \$1 million in placed financings by the proposed capital team in the last 2 years for either solar or other technology installations
III. Financial/Business Strength of Team		

Qualifications & Capabilities Considered	RFP Section Reference	Minimum Requirements To Pass
<ul style="list-style-type: none"> Evidence that <i>capital team</i> members can secure debt/equity required for the installed cost of all systems bid 	Section 5.8	<ul style="list-style-type: none"> Commitment letter from anticipated funding source(s) to supply 1.0 times the gross installed cost of all systems bid. Capital sources in turn must demonstrate they are financially solvent and funds are available for these projects.
IV. Client/Customer Reputation of Team		
<ul style="list-style-type: none"> References of previous solar and financial clients 	Sections 5.3.6 and 5.8	No significant issues raised in reference checks that would indicate a lack of responsibility or responsiveness when references are asked "Would you hire this company again?"

4.8.15 Disabled Veterans Business Enterprises – Preference (page 33)

Page 33, add the following sentence (underlined):

To meet the DVBE program requirements, bidders must complete and fully document at least one of three compliance options. **For this RFP, the advertising requirements, step 3 of the "Good Faith Effort" to achieve DVBE participation, have been waived.**

ATTACHMENT 2 - MINIMUM TECHNICAL & INSTALLATION SPECIFICATIONS (page 47)

Q21) Please confirm the rating methods to be used when giving size and output performance of solar systems. The State should use the SGIP protocols and list of equipment.

A21) On page 47, under Electric Power Requirements, change the second bullet:

From:

- The guaranteed power capacity is measured at the inverter AC output using PVUSA Test Conditions (PTC), i.e., 1,000 Watts/m2 irradiance, 20 degree C ambient temperature, and wind*

To:

- The guaranteed power capacity is equal to the inverter efficiency, using inverter efficiencies listed by the CEC, x the AC output using PVUSA Test Conditions (PTC), i.e., 1,000 Watts/m2 irradiance, 20 degree C ambient temperature, and wind. Note there is no SGIP list of technologies or products. The SGIP uses the CEC lists, which are maintained for all sizes of equipment, not just those qualifying for the CEC's Emerging Renewables incentives.**